

Message Text

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INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00 DODE-00

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 6002

AMEMBASSY ANKARA

AMEMBASSY ATHENS

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AMEMBASSY OSLO

AMEMBASSY OTTAWA

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AMEMBASSY REYKJAVIK

AMEMBASSY TEHRAN

USMISSION NATO

US MISSION EC BRUSSELS

USUN NEW YORK 2735

IAEA VIENNA 1481

OECD PARIS

C O N F I D E N T I A L SECTION 1 OF 2 ROME 3199/1

E.O. 11652: GDS (PORG)

TAGS: PFOR, ECON, PORG, IT

SUBJ: ITALY AND MULTILATERAL AFFAIRS

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REF: STATE 037591

1. BACKGROUND. THE POLITICAL AND ECONOMIC INTERESTS OF THE ITALIAN PEOPLE AND THEIR GOVERNMENT CONCENTRATE ON DOMESTIC ISSUES; FOREIGN POLICY QUESTIONS PLAY A DISTINCTLY SECONDARY ROLE. BEYOND ITS TIES WITH THE U.S. THROUGH NATO AND A UNITING EUROPE, AND ITS NEED FOR FOREIGN MARKETS AND ACCESS TO RAW MATERIALS, ITALY HAS FEW FOREIGN POLICY INTERESTS OF SUCH OVER-RIDING IMPORTANCE AS TO GIVE THEM PRE-EMINENCE OVER HER DOMESTIC CONCERNS.

2. THERE IS A LARGE, BUT INCREASINGLY PASSIVE, RESERVOIR OF SENTIMENT FRIENDLY TO THE UNITED STATES, ESPECIALLY AMONG THOSE OLD ENOUGH TO REMEMBER THE SECOND WORLD WAR AND ITS IMMEDIATE AFTERMATH. HOWEVER THE ONLY SIZEABLE SEGMENT OF THE BODY POLITIC WHICH CAN READILY BE ACTIVATED AND BROUGHT INTO PLAY, PRO OR CON, ON INTERNATIONAL ISSUES IS FOUND AMONG VARIOUS YOUNGER ELEMENTS INTER-RELATED BY A DISTINCT LEFT-OF-CENTER OUTLOOK OFTEN ANTIPATHETIC TO U.S. INTERESTS. SO FAR, THE INFLUENCE OF THAT GROUP, WHICH INCLUDES MOST OF THE ITALIAN MEDIA, HAS BEEN LARGELY NEGATIVE, INHIBITING THE GOVERNMENT'S BASIC INCLINATION TO BE SUPPORTIVE IN ISSUES IMPORTANT TO THE UNITED STATES. IT HAS RARELY MOVED THE GOVERNMENT TO SPECIFIC ACTIONS DISTASTEFUL TO US (E.G., RECOGNITION OF HANOI). BUT IT HAS FORCED THE GOVERNMENT TO RUN SCARED ON MANY FOREIGN QUESTIONS.

ITALIAN POLICY MAKERS AND OFFICIALS ARE, MOREOVER, CONSCIOUS THAT THEY ARE OPERATING UNDER ECONOMIC, FINANCIAL, AND DOMESTIC POLITICAL CONSTRAINTS WHICH LIMIT THEIR ABILITY TO PLAY A TRULY LEADING ROLE IN INTERNATIONAL ORGANIZATIONS SUCH AS THE EC, NATO OR THE UN. THEY ARE UNDER NO ILLUSIONS AS TO THE MINIMAL POWER BASE UNDERLYING THEIR FOREIGN POLICY.

3. THE RESULTANT FOREIGN POLICY IS ONE DESIGNED TO MINIMIZE DOMESTIC CONTROVERSY, BY HIDING IN THE MIDDLE OF A CONSENSUS BE IT IN THE EC OR NATO. THE GOI PREFERS TO SUPPORT A U.S. POSITION IF IT CAN DO SO IN COMPANY OF OTHER EUROPEANS.

4. THESE DOMESTIC DYNAMICS HAVE LED TO A FOREIGN POLICY WHICH, PERHAPS MORE THAN IN ANY OTHER GOVERNMENT, IS ALMOST CONFIDENTIAL

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TOTALLY CONCEIVED, DEVELOPED AND EXECUTED IN MULTILATERAL CONTEXTS. WHILE THERE ARE OBVIOUSLY QUESTIONS OF BILATERAL CONCERN, THE PREPONDERANT PART OF OUR DEALINGS WITH THE ITALIAN GOVERNMENT ARE MULTILATERALLY ORIENTED.

5. LAST, AND OBVIOUSLY, MUCH OF THAT WHICH PRECEDES AND FOLLOWS COULD BE SUBSTANTIALLY ALTERED BY THE DOMESTIC POLITICAL SITUATION IN ITALY. THE PRESENT ENFEEBLED STATE OF THE

MINORITY GOVERNMENT REDUCES ITS ABILITY TO GUIDE ITALIAN FOREIGN POLICY IN MUTUALLY BENEFICIAL WAYS. SHOULD THE ITALIAN COMMUNIST PARTY COME TO SHEHE IN EXECUTIVE POWER, EITHER THROUGH A LEFTIST FRONT GOVERNMENT OR SOME VERSION OF THE SO-CALLED HISTORIC COMPROMISE, THE UNITED STATES AND OTHER TRADITIONAL ALLIES AND PARTNERS OF ITALY WILL HAVE TO FACE AND DEAL WITH A WHOLLY NEW EQUATION.

5. (A). IN 1976 ITALY WILL SEEK TO MAINTAIN AND EXPAND ITS INFLUENCE AND PRESTIGE IN THE INTERNATIONAL ORGANIZATIONS MOST IMPORTANT OT IT: THE EUROPEAN COMMUNITY, NATO AND THE UNITED NATIONS BEING PREDOMINANT. IT WILL SIMULTANEOUSLY BE SEEKING WAYS TO STRENGTHEN ITS MARKETS AND RAW MATERIALS ACCESS GLOBALLY, INCLUDING IN THE THIRD WORLD, PARTICULARLY THE OIL-RICH ARAB STATES, IRAN AND SOME AFRICAN NATIONS. IN EUROPE, ITALY WILL AS IN THE PAST BE THE STRONGEST PROPONENT OF THE "CONSTRUCTION OF EUROPE", AND INCREASINGLY UNITED EUROPE WHERE ITALIAN ECONOMIC AND POLITICAL PROBLEMS WILL BLEND INTO, AND BE DIMINISHED BY, THE LARGER, RICHER AND MORE STABLE WHOLE. ITALY WILL, THUS, PUSH FOR PROMPT UNIVERSAL AND DIRECT ELECTIONS TO THE EUROPEAN PARLIAMENT, FOR INCREASING CONSULTATION AND COORDINATION ON ISSUES IN THE COUNCIL OF EUROPE AND SUBORDINATE BODIES, AND FOR STRENGTHENING OF THE INSTITUTIONS OF THE EC.

OTHER THAN PENDING LEGISLATION FOR LONG-RANGE CAPITAL EQUIPMENT FOR THE ARMY AND AIR FORCE, ITALY WILL CONTINUE TO GIVE LOW PRIORITY TO THE ONGOING OPERATIONAL REQUIREMENTS OF ITS OWN MILITARY ESTABLISHMENT. ITALY, HOWEVER, WILL TRY TO ENCOURAGE THE CONTINUED AMERICAN MILITARY COMMITMENT TO, AND PRESENCE IN, NATO EUROPE. SHE WILL BE WARY BUT NOT VOCAL ABOUT WARSAW PACT ADVANCES ANYWHERE UNDER THE COVER OF "DETENTE", AND WILL MAINTAIN A SKEPTICAL OPTIC VIS-A-VIS MBFR. SHE WILL PLAY A PASSIVE BUT CONSTRUCTIVE ROLE IN CSCE MATTERS AND WILL

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FOLLOW SALT WITH ATTENTION.

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PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

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C O N F I D E N T I A L SECTION 2 OF 2 ROME 3199/2

ON THE ECONOMIC SIDE, THE EC IS ITALY'S FIRST INTEREST.
HER EFFORTS WILL BE DIRECTED TO OBTAINING MAXIMUM FUNDS FROM EC
SOURCES (FEOGA, REGIONAL FUND AND SOCIAL FUND) AND TO REDUCE
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THE ITALIAN SHARE OF EC AID PROJECTS. IN EC NEGOTIATIONS FOR
ECONOMIC/FINANCIAL AGREEMENTS WITH MEDITERRANEAN COUNTRIES,
ITALY WILL TRY TO LIMIT DAMAGE TO HER DOMESTIC AGRICULTURAL
SECTOR. SHE WILL GIVE HIGH PRIORITY TO RETAINING HER COUNCIL
SEAT IN IAEA. IN GATT/MTN ITALY WILL TRY TO ASSURE A) ACCESS
TO RAW MATERIALS, B) FREER ACCESS TO MARKETS IN OTHER
INDUSTRIALIZED COUNTRIES (ESPECIALLY THE U.S.), AND C)
ADEQUATE PROTECTION FOR ITALIAN AGRICULTURE AND SELECTED

INDUSTRIAL SECTORS: TEXTILES, FOOTWEAR, ELECTRONICS, CERAMICS, PAPER AND MOTORCYCLES. ITALY'S AIM IN THE IEA WILL BE TO OBTAIN SUFFICIENT NATURAL URANIUM FOR HER AMBITIOUS NUCLEAR ELECTRICITY PROGRAM, AND ACCESS TO NUCLEAR FUEL RE-PROCESSING TECHNOLOGY, PRIMARILY FROM THE U.S. IN BOTH CASES. ITALY WISHES TO MAINTAIN SUITABLY LOW MINIMUM SUPPORT PRICES (MSP) ON PETROLEUM BECAUSE OF HER HIGH RELIANCE ON IMPORTED ENERGY. SHARING OF IEA-DEVELOPED TECHNOLOGY FROM JOINT RESEARCH WILL BE IMPORTANT. TO ASSURE HER RECOGNITION AS MORE THAN A SECOND-RATE DEVELOPED COUNTRY, ITALY WILL WORK HARD TO RETAIN THE STATUS SHE ACHIEVED AS ONE OF THE BIG SIX AT RAMBOUILLET. IN ICNAF ITALY WILL SEEK TO MAXIMIZE ALLOWABLE QUOTAS FOR ITALIAN FISHERMEN.

5. (B). THE ITALIAN DECISION-MAKING PROCESS, AND ITS DYNAMICS, ARE LARGELY ADDRESSED IN BACKGROUND, ABOVE. ON A VERY LIMITED NUMBER OF SPECIFIC ISSUES OF IMPORTANCE TO THE U.S., AND IDENTIFIED AS SUCH TO THE GOI, THE USG MAY BE ABLE TO SWING ITALY INTO LINE, EVEN IF NOT ACCOMPANIED BY THE BULK OF HER EUROPEAN PARTNERS. SUCH ISSUES, HOWEVER, WILL NOT INCLUDE INSTANCES WHERE A PRO-US STANCE WILL PROVIDE A MAJOR WEAPON FOR THE DOMESTIC PRICE OF A PRO-US VOTE IS TOO HIGH FOR THE GOI, WE SHALL HAVE TO BE CONTENT WITH AN ITALIAN ABSTENTION. HOWEVER, ITALIAN WILLINGNESS TO CAST SUCH A FAVORABLE VOTE WILL BE LARGELY PROPORTIONAL TO THE NUMBER OF EC PARTNERS TAKING THE SAME STANCE. TO THE EXTENT THAT WE ARE ABLE TO INFLUENCE THE OTHER EIGHT, WE HELP THE GOI TO TAKE POSITIONS WITH POTENTIAL FOR UNDESIRABLE DOMESTIC EFFECTS. CONVERSELY, OUR CONTINUED WASHING OF CIA AND LOCKHEED LINEN BEFORE THE EYES OF THE ITALIAN PUBLIC WILL REDUCE BOTH THE GOI'S AND OUR OWN ABILITY TO CONDUCT AFFAIRS PROPERLY.

ITALY WILL BE ACTIVIST ON SUCH ISSUES AS AGRICULTURAL PROTECTION AND MSP, WHERE THE OUTCOME WILL HAVE A DIRECT AND MEASURABLE IMPACT ON THE ITALIAN POCKETBOOK. A RARE INSTANCE
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OF A MAJOR ITALIAN NON-ECONOMIC INITIATIVE IS LIKELY TO ARISE FROM GROWING ITALIAN CONCERN WITH THE POLITICAL AND SECURITY RAMIFICATIONS OF THE UPCOMING BRITISH WITHDRAWAL FROM MALTA. THE ITALIANS BID FAIR TO TAKE A LEADING ROLE IN AN ATTEMPT TO FORM A POLITICAL CONSORTIUM THAT WOULD PRECLUDE EVENTUAL SOVIET USE OF MALTA FOR ITS MEDITERRANEAN FORCES. TO DATE THE INDICATIONS ARE THAT THE GOI PROPOSES TO CONSULT WITH US ON THIS LATER RATHER THAN SOONER.

5. (C). THE QUALITY OF INSTRUCTION AND CONTROL FOR ITALIAN DELEGATIONS TO INTERNATIONAL MEETINGS VARIES WITH THE GEOGRAPHIC AND POLITICAL CONSIDERATIONS INVOLVED. THE GOI'S COMMUNICATIONS NET WITH EUROPEAN CAPITALS, WASHINGTON AND NEW YORK IS EXCELLENT, AND FEEDBACK REPORTING IS GENERALLY RAPID. ON MATTERS UNDER THE JURISDICTION OF THE MINISTRY OF FOREIGN AFFAIRS, DELEGATIONS ARE USUALLY FULLY INSTRUCTED. FOR "TECHNICAL" MATTERS, SUCH AS

ICAO AND ICNAF, THE "TECHNICAL" MINISTRY WILL PROVIDE THE DELEGATION AND WRITE THE INSTRUCTIONS, CLEARING THEM WITH THE MFA. AT PRESENT, AN UNINSTRUCTED ITALIAN DELEGATION TO ANY ECONOMIC CONFERENCE IS UNUSUAL.

IN UN QUESTIONS OF CONCERN TO THE EC NINE (AND THE AREA OF SUCH CONCERN HAS BECOME GLOBAL), THE CUSTOM OF CONSULTATION AND COORDINATION AMONG DELEGATIONS TO THE UN HAS BECOME STANDARD PRACTICE. IN FEW INSTANCES DOES THE GOI FAIL TO ACCEPT RECOMMENDATIONS, FROM ITS UN DELEGATION, GROWING OUT OF A NEW YORK-DEVELOPED CONSENSUS OF THE NINE.

OTHER EXAMPLES OF RELATIVE INDEPENDENCE OF DELEGATIONS ARE IN THE FAO WHERE THE ITALIAN PERMREP, OPERATING FROM HIS OWN POWER BASE AND POLITICAL TIES, IS LARGELY ON HIS OWN OR DEALS DIRECTLY WITH THE MFA'S SECRETARY GENERAL, IGNORING ITS ECONOMIC DIRECTORATE. IN OTHER CASES, THE MINISTRY OF FOREIGN TRADE HAS ITS OWN REPRESENTATIVES IN PERMANENT DELEGATIONS IN BRUSSELS, GENEVA AND PARIS, WHO OFTEN RECEIVE "SPECIAL INSTRUCTIONS" BY TELEPHONE FROM MFT, ERODING THE MFA'S ABILITY TO CONTROL TRADE ISSUES.

5. (D) ALL RELEVANT MINISTRIES OF THE GOI ARE ACCESSIBLE TO MISSION REPRESENTATIVES FOR CONSULTATION. THE GOI ACCEPTS AS NORMAL AND FRUITFUL THE CONCEPT OF BILATERAL EXCHANGES BEARING ON MULTILATERAL QUESTIONS. WHERE EC AND USG POSITIONS DIVERGE, THE ITALIAN TIES TO EC EUROPE TEND TO BE STRONGER.

THE ITALIANS, HOWEVER, ARE ANXIOUS NOT TO GIVE OFFENSE TO THE UNITED STATES AND OFTEN WORK FOR A COMPROMISE IN THE EC
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WHICH THE U.S. CAN LIVE WITH. ON SIGNIFICANT ISSUES DECISIONS ARE GENERALLY NOT TAKEN UNTIL THE USG POSITION IS KNOWN. ON ECONOMIC ISSUES THE MINISTRIES OF FOREIGN AFFAIRS, FOREIGN TRADE, TREASURY, AND BANK OF ITALY OFTEN SOLICIT OUR VIEWS ON A WIDE RANGE OF SUBJECTS. THE POLITICAL DIRECTORATE OF THE MPA IS LESS ASSIDUOUS IN SEEKING OUR VIEWS BUT IS OPEN TO OUR APPROACHES. THE GOI TENDS TO USE MULTILATERAL FORUMS THEMSELVES AS POINTS OF CONTACT WITH AMERICAN DELEGATES FOR SOLICITING USG SUPPORT. THE EMBASSY IS LESS FREQUENTLY APPROACHED ALTHOUGH THERE HAVE BEEN NOTABLE EXCEPTIONS, I.E., ITALIAN DESIRE FOR A TICKET TO RAMBOUILLET AND THE ESTABLISHMENT OF THE US/GOI BILATERAL WORKING GROUP ON ENERGY.
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